REMARKS

I. Election/Restriction

Applicants hereby confirm the election of invention I, corresponding to claims 1-21 and 34-36, without traverse. The claims directed to the unelected invention, claims 21-33, have been canceled.

II. Specification

Applicants have amended the Abstract to reduce the word count to approximately 141 words and to eliminate language that can be implied.

III. Section 101 Rejections

Claims 1-21 and 34-36 were rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Applicants submit that the claims satisfy § 101 for the following reasons.

- ***First***, the claims are directed to processes (or methods), which is one of the enumerated classes of patentable subject matter in § 101. *See* 35 U.S.C. § 100(b) (defining "process" to include method). Thus, the Office is wrong when it states in the Office Action, at page 6, that the claims are "not employed in a process..." The claims recite steps that form a process, which is patentable subject matter under § 101.

- ***Second***, contrary to what the Office Action states, the claimed processes do not comprise pure mental steps. In general, the claims comprise the steps of issuing securities and purchasing assets. In it impossible to mentally issue securities and mentally purchase assets.

- ***Third***, the Office Action's reliance on *In re Comiskey* is misplaced

because the claims of the present application are not directed to mathematical algorithms or abstract concepts. Issuing securities and purchasing assets are real world, tangible, concrete activities. They do not involve mere mental or abstract activities. Therefore, the claims do not need to involve another class of statutory subject matter.

- ***Fourth***, even if the claims had to be tied to another statutory class of

subject matter under § 101, the claims recite "debt obligations," which, as financial securities, are compositions of matter.

For at least these reasons, applicants submit that the claims satisfy § 101.

IV. Prior Art Rejections

A. Section 102 Rejections

In the Office Action, independent claims 1 and 34 were rejected under 35 U.S.C. § 102(b) as being anticipated by published U.S. patent application Pub. No. 2002/016970 to Chittenden. Chittenden, however, does not anticipate claims 1 or 34 because Chittenden does not disclose, expressly or inherently, every element set forth in the claims 1 or 34.

Chittenden is a system for borrowers to post their borrowing needs for debt obligations so that lenders can view these needs. The system provides for lenders to post lending levels, which are collected by the system in order to match buyer and lender criteria. Other than the common usage of the term "debt obligation," Chittenden has little overlap with claims 1 and 34. Focusing on claim 1, Chittenden fails to disclose several elements of the claim, including:

- ***First,*** Chittenden does not disclose that assets are purchased with the proceeds from the offering of the second set of debt obligations.
- ***Second***, because Chittenden fails to disclose this element of claim 1, Chittenden necessarily fails to disclose a financing structure where the holder of the first set of debt obligations have a security interest in the assets purchased with the proceeds from the offering of the second set of debt obligations.
- ***Third***, Chittenden fails to disclose a financing structure where if the entity offering the first set of debt obligations defaults, the assets purchased with the proceeds from the second set of debt obligations are liquidated to redeem the first set of debt obligations.

With respect to claim 34, Chittenden also fails to disclose a scenario in which, in the event of default by the entity offering the first set of debt obligations, proceeds from the assets are paid as due to the holders of the first set of debt obligations.

Therefore, because Chittenden does not disclose all of the elements of claims 1 and 34, the § 102 rejections based on Chittenden should be withdrawn.

B. Section 103 Rejections

1. Claims 2-5, 9-10, 12-14, 18-21, and 35

In the Office Action, claims 2-5, 9-10, 12-14, 18-21, and 35 were rejected under 35 U.S.C. § 103(a) as being obvious over the combination of Chittenden and published U.S. patent application Pub. No. 2003/0050884 to Barnett. Applicants traverse the rejections as follows.

Claims 2-5, 9-10, 12-14, and 35 depend from either claim 1 or claim 34. The obviousness rejections of these claims are in error for several reasons, including:

- ***First***, the rejections are based on the Office's erroneous conclusion that Chittenden discloses all of the elements of claims 1 and 34. Chittenden does not all of the elements of claim 1, as described above. Further, Barnett does not disclose the missing pieces of claim 1. Therefore, the claims depending from claim 1 are not obvious in view of Chittenden and Barnett. *See* MPEP § 2143.03 ("If an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious").
- ***Second***, the Office Action provides only a cursory statement as to why the dependent claims are obvious in view of the fact that Barnett discloses the use of different types of debt instruments. There is no analysis or articulation of why Barnett's securitization structure is relevant to the limitations of the dependent claims. This is not proper. *See* MPEP § 2141 ("The key to supporting any rejection under 35 U.S.C. 103 is the clear articulation of the reason(s) why the claimed invention would have been obvious").

For at least these reasons, applicants submit that claims 2-5, 9-10, and 12-14, which depend from claim 1, and claim 35, which depends from claim 34, are not obvious in view of Chittenden and Barnett.

With respect to claims 18-21, these claims depend indirectly from claim 15. Claim 15 was not rejected as being obvious in view of Chittenden and Barnett. It is not understood how claims 18-21 could be purportedly obvious in view of Chittenden and Barnett when claim 15, from which claims 18-21, is not obvious in view of Chittenden and Barnett. *See* MPEP § 2143.03 ("If an independent claim is nonobvious under 35

U.S.C. 103, then any claim depending therefrom is nonobvious"). In any event, applicants submit that claims 18-21 are not obvious in view of Chittenden and Barnett for reasons analogous to those set forth above.

2. Claims 6-8, 11, 15-17, and 36

In the Office Action, claims 6-8, 11, 15-17, and 36 were rejected under 35 U.S.C. § 103(a) as being obvious over the combination of Chittenden and U.S. Patent 6,263,321 to Daughtery et al. The rejections are traversed below.

Claims 6-8 and 11 depend indirectly from claim 1. In fact, these claims depend from claims 2, 3, and 4 as well. Chittenden does not teach or suggest all of the elements of claim 1 as set forth above. Moreover, the Office does not even allege that Daughtery overcomes Chittenden's deficiencies for claim 1, much less claims 2-4. In that connection, it is not understood how claims 6-8 and 11 could be rejected as being obvious in view of Chittenden and Daughtery, when claims 2-4, from which claims 6-8 and 11 depend, are not obvious according to the Office in view of Chittenden and Daughtery. In any event, claims 6-8 and 11 are not obvious in view of Chittenden and Daughtery because Chittenden and Daughtery fail to teach or suggest all of the elements of the claims, including all of the elements of claim 1.

Claims 15-17 are not obvious in view of Chittenden and Daughtery because Chittenden and Daughtery fail to teach or suggest several elements of the claims. In particular, Chittenden and Daughtery fail to teach or suggest at least the following:

1. that assets are purchased with the proceeds from the offering of the taxable floating rate notes.

2. that the holders of the variable rate demand obligations have a security interest in the assets purchased with the proceeds from the offering of the taxable floating rate notes.
3. that if the entity offering the variable rate demand obligations defaults, the assets purchased with the proceeds from the taxable floating rate notes are liquidated to redeem the variable rate demand obligations.

For at least these reasons, applicants submit that claims 15-17 are not obvious in view of Chittenden and Daughtery.

Finally, claim 36 depends from claim 35, which depends from claim 34. Chittenden and Daughtery fail to disclose all of the elements of claim 34 as set forth above. Therefore, claim 36 is necessarily nonobvious in view of Chittenden and Daughtery. *See* MPEP § 2143.03. Furthermore, the Office does not even contend that claim 35 is obvious in view of Chittenden and Daughtery, therefore it is not understood how claim 36, which depends from claim 35, could be obvious in view of Chittenden and Daughtery. *See* id. In any event, Chittenden and Daughtery do not disclose all of the elements of claim 36. Therefore, the claim claims is nonobvious.

CONCLUSION

Applicants respectfully submit that all of the claims presented in the present application, as either amended or initially presented in this Amendment, are in condition for allowance. Applicants' present Amendment should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to address specifically all such assertions and statements in subsequent responses. In addition,

applicants reserve the right to make additional arguments as may be necessary to distinguish further the dependent claims from the cited reference based on additional features contained in the dependent claims that were not discussed above. A detailed discussion of these differences is believed to be unnecessary at this time in view of the basic differences discussed above with respect to the independent claims.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Respectfully submitted,

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